

# agent agenda

## SFM No. 1 in prompt action

State Fund Mutual again ranked No. 1 among large workers' compensation insurers for prompt action on lost-time claims.

The 2001 Prompt First Action Report by the Minnesota Department of Labor and Industry shows SFM's prompt first action to be 90.3 percent on its 2,582 lost-time claims between July 1, 2000 and June 30, 2001. That's No. 1 among Minnesota insurers with more than 1,000 lost-time claims.

"The report shows that SFM and its policyholders are dedicated to getting claims off to a good start," said Meg Kasting, vice president, Claims Services.

"One thing that prompt action depends on is prompt reporting. While most claims are still phoned or faxed in, more than 20 percent of all claims now are reported online and that figure is increasing," she said.

## New FROI form

The Minnesota Department of Labor and Industry recently revised the First Report of Injury form. The revised form includes three new questions.

Employers who are subject to OSHA record-keeping regulations may find it advantageous to use the new FROI form. By using the new FROI, employers do not have to fill out the OSHA Form 301 which accompanies the OSHA 300 log.

The new FROI will be available to download and for online reporting after March 1 on SFM's website at [www.sfmic.com](http://www.sfmic.com).

SFM will accept either version, new or old, from those who report by fax or mail.

For a copy of the new FROI before March 1, call SFM Policyholder Services at (952) 838-4325 or (800) 937-1181 ext. 4325, or email [resources@sfmic.com](mailto:resources@sfmic.com).

## House, Senate bills advance

# Raiding workers' compensation would raise pricing significantly

Bills are moving quickly through both houses of the Minnesota Legislature to reduce the state budget shortfall by raiding the workers' compensation system, a move that would push up workers' compensation pricing even more.

Bills in both the House and Senate would take nearly \$290 million from the Special Compensation Fund and \$95 million from the Assigned Risk Plan. This \$385 million would finance nearly 20 percent of the state's \$1.95 billion deficit.

A raid of that magnitude on the Special Compensation Fund would raise assessments substantially. Currently, for every dollar paid in indemnity benefits, the insurer or self-insurer pays another 20 cents in assessments to the SCF. Depleting the SCF of nearly \$290 million would force assessments way up, possibly exceeding 30 percent according to some estimates.

## Bottom line for Minnesota employers

If this raid on the SCF is passed, workers' compensation insurers will need to increase pricing at least 6 percentage points—on top of the steep pricing increases employers already are seeing.

That's a rough guesstimate for now. Much can happen to these bills and their dollar amounts as they work their way through the houses and conference committee. Depending on how they take the funds, the price tag could go even higher. Stay tuned.

It's also good to be aware of other repercussions this raid may have.

You may recall that business and labor negotiated an agreement in 2000 to raise workers' compensation's weekly minimum and maximum benefit rates in exchange for reducing the SCF assessment. The assessment was reduced by transferring surplus dollars from the Assigned Risk Plan to the SCF. These are the same dollars snatched away in the House and Senate bills, making it harder for parties to count on any business-labor agreements like this in the future.

Assessment increases for insurers, pricing increases for employers, questions about the viability of future business-labor agreements—those are immediate issues raised by raiding today's workers' compensation system. Perhaps an even larger issue is that it opens the door to more raids in the future.

# 2001: Policy retention stays strong as total premium nears \$65 million

More than 90 percent of SFM's policyholders renewed in 2001, down slightly from the prior year but still good news for a year of greater underwriting selectivity. Renewal premium retention was 94 percent.

Total written premium for SFM's 5,254 policyholders in 2001 was a record \$64.8 million.

"Our strong premium figures of course reflect significant pricing increases for the year, and credit for that clearly goes to our loyal agents," said Fran Kaitala, vice president, Insurance Operations.

Other highlights of 2001:

- Employers served by SFM totaled nearly 7,300 at year-end, including both insureds and self-insureds.

Continued on back



**State Fund Mutual**  
COMPANIES

agent agenda is published bimonthly by State Fund Mutual Companies, 3500 West 80th Street, Suite 700, Bloomington, MN 55431-4434. Inquiries about the publication, call (952) 838-4285 or e-mail [info@sfmic.com](mailto:info@sfmic.com).

**President** Patricia R. Johnson  
**VP of Insurance Operations** Frances M. Kaitala  
**Editor** Mark A. Ladwig  
**Assistant Editor** Jennifer Kopp

**Board of Directors:** Richard J. Marshik, chair; Truman L. Jeffers, vice chair; Tamara G. Garcia, Patricia R. Johnson, Eugene R. Merriam, L. Mark Michel, F. Clayton Tyler, Matthew P. Winkel

## Top 10 producing agencies

Here are the top 10 producing agencies for State Fund Mutual in 2001:

Acordia/Wells Fargo Insurance  
Cedarleaf, Cedarleaf & Cedarleaf Inc.  
Maguire Agency Inc.  
Northern Capital Insurance Group  
Apollo Insurance Agency  
TC Field & Co.  
Liscomb Hood Mason Co.  
Mahowald Insurance Agency  
Cobb Strecker Dunphy & Zimmerman Inc.  
RJ Ahmann Co.

## MCPAP deadline April 1

Minnesota Contractors' Premium Adjustment Program applications were sent to qualified employers in early January. The application enrollment deadline is April 1.

Encourage your clients to send applications on time to avoid a late penalty from the Minnesota Workers' Compensation Insurers Association. Calculations on the MCPAP are expected to begin Aug. 15 so that year 2002 MCPAP credits on new and renewal policies can be used beginning Jan. 1, 2003.

Go to MWCIA's website [www.mwcia.org](http://www.mwcia.org) for copies of the application, call (612) 897-1737, or email [info@mwcia.org](mailto:info@mwcia.org).

## Certificates of insurance

When subcontracting, always get a certificate of insurance before work begins. This is a message you, the agent, need to be spreading to your clients.

Remind your client not just to request a certificate but to actually get it. Beware of outdated certificates.

Explain the high potential costs of working with uninsured subcontractors:

- Premiums increase. Payroll of uninsured subcontractors will be included in your client's premium audit.
- Workers' compensation liability is passed on to them.
- E-mods are impacted.
- Lawsuits generate legal costs.

You can help clients avoid such problems by counseling them and passing along to them copies of SFM's "Special liability of general contractors" *Legal Advisory*. For copies, visit SFM's website at [www.sfmic.com](http://www.sfmic.com) and go to the "Resources catalog," or call SFM Policyholder Services at (952) 838-4325.

## Fraud conviction

Jeffrey M. Ammend, Cedar, Minn., pleaded guilty Jan. 14 to charges of felony theft. Ammend was sentenced to diversion, restitution of \$6,750 to State Fund Mutual within two years, court costs of \$200 and 50 hours of community service.

Ammend, 33, cashed his mother's workers' compensation checks for three months after her death.

# Take advantage of SFM's loss prevention resources

Loss prevention is getting a closer look these days from employers wanting to control rising workers' compensation costs.

State Fund Mutual offers lots of loss prevention resources that you can recommend to employers, including *CompTalks*, *Prevention Paks*, safety videos, posters and envelope stuffers. In addition, the personal services of SFM's loss prevention department are available on a selective basis. This is your opportunity—and SFM's—to deliver more than pricing increases.

## CompTalk resources

This series of one-to-four-page topic-specific resources is designed to help employers better understand specific aspects of workers' compensation and improve their practices in preventing and handling injuries.

## Prevention Paks

These do-it-yourself resources help employers conduct employee training, set up injury prevention programs and make safety meetings more effective. The flexible training and information packet includes tips, leadership steps, Q&As, and lists of videos and handouts.

## Personal services

SFM's loss prevention representatives can help employers identify risks by conducting walk-throughs, job site visits, ergonomic evaluations and industrial hygiene testing. They can offer solutions by providing recommendations, service plans, on-site training and seminars and assisting with employer safety programs.

More extensive injury prevention and ergonomics consulting services are available on a fee-for-service basis by CompRehab Inc., a subsidiary of SFM.

*CompTalks* and *Prevention Paks* can be ordered through SFM's website at [www.sfmic.com](http://www.sfmic.com) under the "Resources catalog" tab. They can also be ordered through the *SFM Resource Catalog* or by calling SFM Policyholder Services at (952) 838-4325 or (800) 937-1181.

## Bill review, medical case management save record \$9.6 million in 2001

Total savings through SFM's in-house bill review and medical case management reached a record-high \$9.6 million in 2001.

Bill review saved \$525 per claim reviewed. Medical case management saved an average \$3,158 per claim reviewed, including an average \$775 in savings from more accurate PPD ratings and an average \$2,383 in savings from earlier return to work.

Bill review and medical case management are key components of SFM's industry-leading system for managing the costs of care and disability.

## ◆ 2001 highlights Continued from front

- 476 of those were new SFM policyholders, accounting for \$8 million in premium.
- Agents submitted more than 4,000 applications.
- SFM captured 43 percent of business quoted.
- Growth of new business was consistent with prior years and with SFM's overall book of business. Largest growth was in:
  - Construction with 90 new accounts totaling \$2.3 million.
  - Manufacturing with 83 new accounts totaling \$2 million.
  - Services with 106 new accounts totaling \$1.7 million.
  - Retail trade with 123 new accounts totaling \$1 million.

### Injury prevention *CompTalks*

- Cumulative trauma disorders.
- Defensive driving.
- Winter slips-and-falls.
- Loss prevention programs.
- Personal protective equipment.
- Safety committees.
- The safe way to lift.
- Workplace analysis.

### Seven *Prevention Paks*

- AWAIR.
- Back injury prevention.
- Employee orientation.
- Employee right-to-know.
- Ergonomics.
- Industrial hygiene.
- Safety committees.